

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 28, 2012

Bret Lane, Senior Vice President
SCG Gas Operations and System Integrity
555 W. Fifth Street, GT21C3
Los Angeles, CA 90013

GA2012-28

**SUBJECT: General Order (GO) 112-E Audit of Southern California Gas Company's
Pacific Distribution Region**

Dear Mr. Lane:

The staff of the Consumer Protection and Safety Division (CPSD) of the California Public Utilities Commission conducted a GO 112-E audit of SoCalGas' Pacific Distribution Region from June 25 – 29, 2012. The inspection included a review of your Operation and Maintenance records and field activities in the Hollywood and San Pedro Districts for the period of August 2011 – June 2012. CPSD's findings are noted in the "Summary of Inspection Findings" (Summary). The Summary reflects only those particular records and pipeline facilities that CPSD inspected during the audit.

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by SoCalGas to address the probable violation noted in the Summary. Pursuant to Commission Resolution ALJ-274, CPSD staff has the authority to issue citations for each violation found during the audit. CPSD will notify SoCalGas of the enforcement action it plans to take after it reviews SoCalGas' audit response

If you have any questions, please contact Jerry Palo Jr., at (213) 576-5719.

Sincerely,

A handwritten signature in blue ink, reading "Mike Robertson", is positioned below the "Sincerely," text.

Michael Robertson, P.E.
Program Manager
Gas Safety & Reliability Branch (GSRB)
Consumer Protection and Safety Division (CPSD)

cc: Jerry Palo Jr., CPSD/GSRB

Summary of Audit Findings

GO 112-E inspection of Southern California Gas Company Pacific Distribution Region June 25 – 29, 2012

1. Title 49 Code of Federal Regulations (CFR) §192.465 – External Corrosion Control: Monitoring

§192.465(d)...Each operator shall take prompt and remedial action to correct any deficiencies indicated by the monitoring.

CPSD reviewed the Cathodic Protection (CP) Package CO624E-1 and noted that the CP did not meet the -0.850V criteria as defined in Appendix D of Title 49, CFR, Part 192, from June 2009. SoCalGas explained to CPSD staff that the rectifier in the system would need to be replaced which required a permit from the City of Carson. The location of the rectifier is in the vicinity of South Budlong Avenue and West Desford St in the City of Carson. On further investigation, CPSD discovered that the permit was actually issued in May 2010; however, there were no records presented to CPSD that indicated that the Pacific Distribution Region (Region) had taken action to replace the rectifier.

Even though SoCalGas was troubleshooting the area, having a nonfunctional rectifier in the system did not protect the pipeline from corrosion. As of June 14, 2012, the entire package had not been receiving adequate cathodic protection for 36 months. Please explain why the CP area has not functioned properly for 36 months and why a new rectifier has not been installed.